

KANE COUNTY
FINANCIAL STATEMENTS
DECEMBER 31, 2006

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Kimball & Roberts

Certified Public Accountants

A Professional Corporation

Box 663

Richfield, Utah 84701

Phone 896-6488

INDEPENDENT AUDITOR'S REPORT

The Honorable Board of County Commissioners
Kane County
Kanab, Utah 84741

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Kane County as of and for the year ended December 31, 2006, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Kane County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Western Kane County Special Service District, Glen Canyon Special Service District, Kane County Human Resource Special Service District, and East Zions Special Service District, which represents 89 percent and 94 percent, respectively, of the assets and revenues of the component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for Western Kane County Special Service District, Glen Canyon Special Service District, Kane County Human Resource Special Service District, and East Zions Special Service District, is based on the report of the other auditors.

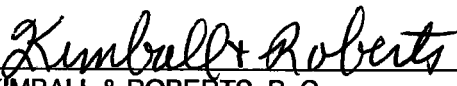
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Kane County as of December 31, 2006, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2007, on our consideration of Kane County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis, condition assessment of the County's infrastructure and budgetary comparison information on pages 6 through 14, 48 and 49 through 54 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Kane County's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole


KIMBALL & ROBERTS, P. C.
Certified Public Accountants

March 1, 2007
Richfield, Utah

KANE COUNTY MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion of Kane County's financial performance provides an overview of the County's financial activities for the year ending December 31, 2006. This report is in conjunction with the County's financial statements.

All amounts, unless otherwise indicated, are expressed in thousands of dollars.

The purpose of the County is to provide general services to its residents which includes general government, public safety, public health, highways and public improvements, park and recreation, and economic development. Additional services provided to residents in the unincorporated areas include road maintenance and fire control.

Financial Highlights

- * The assets of Kane County exceeded its liabilities as of the close of the most recent year by \$24,865 (*net assets*). Of this amount, \$1,176 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- * The government's total net assets decreased by \$752. The revenues did not meet or exceed the adopted budgeted amounts, and expenditures were less than the adopted budgeted amounts.
- * At the close of the current year, the Kane County governmental funds reported combined ending fund balances of \$3,827, a decrease of \$1,275 in comparison with the prior year. Approximately 48 percent of this total amount, \$1,836 is available for spending at the government's discretion (*unreserved fund balance*).
- * At the end of the current year, unreserved fund balance for the general fund was \$820, or 17 percent of total general fund expenditures.
- * Kane County's total debt decreased by \$1,422 during the current year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Kane County's basic financial statements. Kane County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of Kane County's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of Kane County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Kane County is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Kane County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of Kane County include general government, public safety, public health, highways and public improvements, parks and recreation, and economic development. There are no business-type activities in the financial statements of Kane County.

The government-wide financial statements include not only Kane County itself (*known as the primary government*) but also seven legally separate special service districts, one for recreation and transportation, four for municipal services, one is for the landfill and one is for the operation of the Kane County Hospital. Kane County is financially accountable for all of them. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

Refer to the table of contents for the location of the government-wide financial statements.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Kane County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Kane County can be divided into two categories: governmental funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balance of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditure, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Kane County maintains fifteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, B-Road Fund, Hospital Fund and Municipal Building Authority Fund, all of which are considered to be major funds. Data from the other fifteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

Kane County adopts an annual appropriated budget for all its governmental funds. Budgetary comparison statements have been provided for the general fund and major special revenue funds to demonstrate compliance with those budgets.

Refer to the table of contents for the location of the basic governmental fund financial statements.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support Kane County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Refer to the table of contents for the location of the basic fiduciary fund financial statements.

Notes To The Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are part of the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning Kane County.

The combining statements referred to earlier in connection with non-major governmental funds is presented immediately following the required supplementary information.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Kane County, assets exceeded liabilities by \$24,865 at the close of the most recent fiscal year.

By far the largest portion of Kane County's net assets (87 percent) reflects its investment in capital assets (e.g. land, buildings, machinery, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. Kane County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although Kane County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Governmental Activities:
Kane County's Net Assets**

	<u>2006</u>	<u>2005</u>
Current and Other Assets	4,090	5,387
Capital Assets	<u>22,594</u>	<u>23,033</u>
Total Assets	<u>26,684</u>	<u>28,420</u>
Long-Term Liabilities Outstanding	917	1,946
Other Liabilities	<u>902</u>	<u>856</u>
Total Liabilities	<u>1,819</u>	<u>2,802</u>
Net Assets:		
Invested in Capital Assets - Net of Related Debt	21,698	20,516
Restricted	1,991	2,297
Unrestricted	<u>1,176</u>	<u>2,805</u>
Total Net Assets	<u>24,865</u>	<u>25,618</u>

A portion of Kane County's net assets (8 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$1,176) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the year, Kane County is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental activities.

Governmental activities decreased Kane County's net assets by \$752. Key elements of this decrease follows:

Kane County's Changes in Net Assets

	<u>2006</u>	<u>2005</u>
Revenues:		
Program Revenues:		
Charges For Services	1,330	1,316
Operating Grants and Contributions	1,922	2,112
General Revenues:		
Property Taxes	1,742	2,195
Other Taxes	2,813	1,918
Unrestricted Investment Earnings	147	130
Other	<u>642</u>	<u>151</u>
Total Revenues	<u>8,596</u>	<u>7,822</u>

Kane County's Changes In Net Assets (Continued)

	2006	2005
Expenses:		
General Government	4,039	2,918
Public Safety	1,711	1,659
Public Health	1,163	989
Highways and Public Improvements	1,728	1,707
Parks and Recreation	81	69
Economic Development/County Promotion	542	518
Interest on Long-Term Debt	84	32
Total Expenses	9,348	7,892
Increase in Net Assets	(752)	(70)
Net Assets - Beginning	25,617	25,688
Net Assets - End	24,865	25,618

Charges for services increased by \$14

Operating grants decreased by \$190.

Property taxes decreased by \$45.

Other taxes increased by \$491 of which the majority was sales tax. This increase results from increased taxable sales in the County.

Financial Analysis of the Government's Funds

As noted earlier, Kane County uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds

The focus of Kane County's *governmental funds* is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing Kane County's financing requirements. In particular *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the year.

At the end of the year, Kane County's governmental funds reported combined ending fund balances of \$3,827, a decrease of \$1,275 in comparison with the prior year. Approximately 48 percent of this amount \$1,836 constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed: 1) to highways and public improvements \$1,874 and transient room tax of \$118.

The general fund is the chief operating fund of Kane County. At the end of the current year, unreserved fund balance of the general fund was \$820, while total fund balance reached \$820. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures.

General Fund Budgetary Highlights

During the year the actual revenues were less than budgeted revenues by \$552 and actual expenditures were less than budgeted expenditures by \$250, resulting in a decrease of \$302.

Capital Asset and Debt Administration

Capital Assets

Kane County's investment in capital assets for its governmental activities as of December 31, 2006, was \$21,698 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, equipment and infrastructure, which includes roads, highways and bridges.

Also, the County has elected to use the modified approach to account for its infrastructure assets, such as roads and bridges. That information can be found in the required supplemental information following the notes to the financial statements.

Kane County's Capital Assets (net of depreciation)

	<u>2006</u>	<u>2005</u>
Land	994	994
Infrastructure	8,926	8,926
Rights of Way	6,570	6,570
Buildings	4,779	5,052
Equipment	<u>1,325</u>	<u>1,491</u>
Total	<u>22,594</u>	<u>23,033</u>

Additional information on Kane County's capital assets can be found in the notes to the financial statements.

Long-Term Debt

At the end of the current year, Kane County had total bonded debt outstanding of \$896. The debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds).

Kane County's Outstanding Debt

	<u>2006</u>	<u>2005</u>
2002 CIB Revenue Bonds	-	1,000
2003 Kane County Hospital Revenue Bonds	<u>896</u>	<u>1,318</u>
Total	<u>896</u>	<u>2,318</u>

State statutes limit the amount of general obligation debt a governmental entity may issue to 2 percent of its total fair market value of taxable property in the County (\$1,553,955). Kane County has no general obligation debt outstanding with the 2003 retirement of the Series 1996 Hospital Bond. General Obligation Bonds are debts that are secured by taxing real and personal property for the payments. Revenue Bonds are debts secured by a determined and allocated revenue source outside of property taxes.

Additional information on Kane County's long-term debt can be found in the notes of the financial statements.

Economic Factors and Next Year's Budgets and Rates

- * The unemployment rate for Kane County is 5.1. This is slightly higher than the State's average unemployment rate of 3.7 percent and lower than the national average rate of 5.4 percent which is consistent with prior years because of our rural nature.

These factors were considered in preparing Kane County's budget for 2007 year.

Other revenue sources have remained stable.

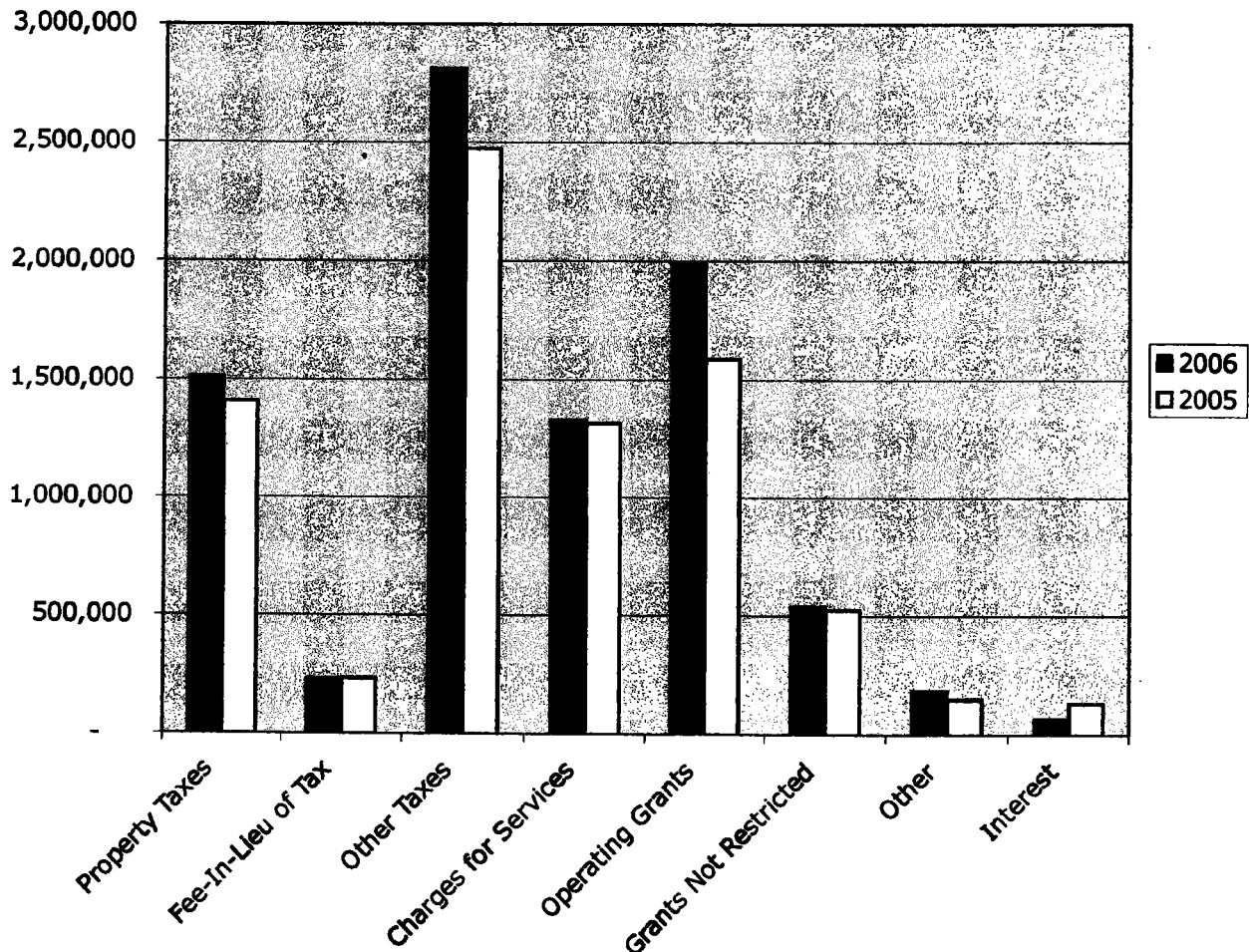
Request for Information

This financial report is designed to provide a general overview of Kane County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Kane County Clerk/Auditor, 76 North Main, Kanab, Utah, 84741.

KANE COUNTY
Governmental Revenues
For The Fiscal Years Ending December 31, 2006 and 2005

	2006	2005
Property Taxes	1,511,780	1,408,590
Fee-In-Lieu of Tax	229,536	232,366
Other Taxes	2,813,005	2,472,263
Charges for Services	1,329,634	1,315,780
Operating Grants	1,986,857	1,587,903
Grants Not Restricted	538,422	524,098
Other	184,326	150,913
Interest	66,711	130,483
Total Revenues	8,660,271	7,822,396

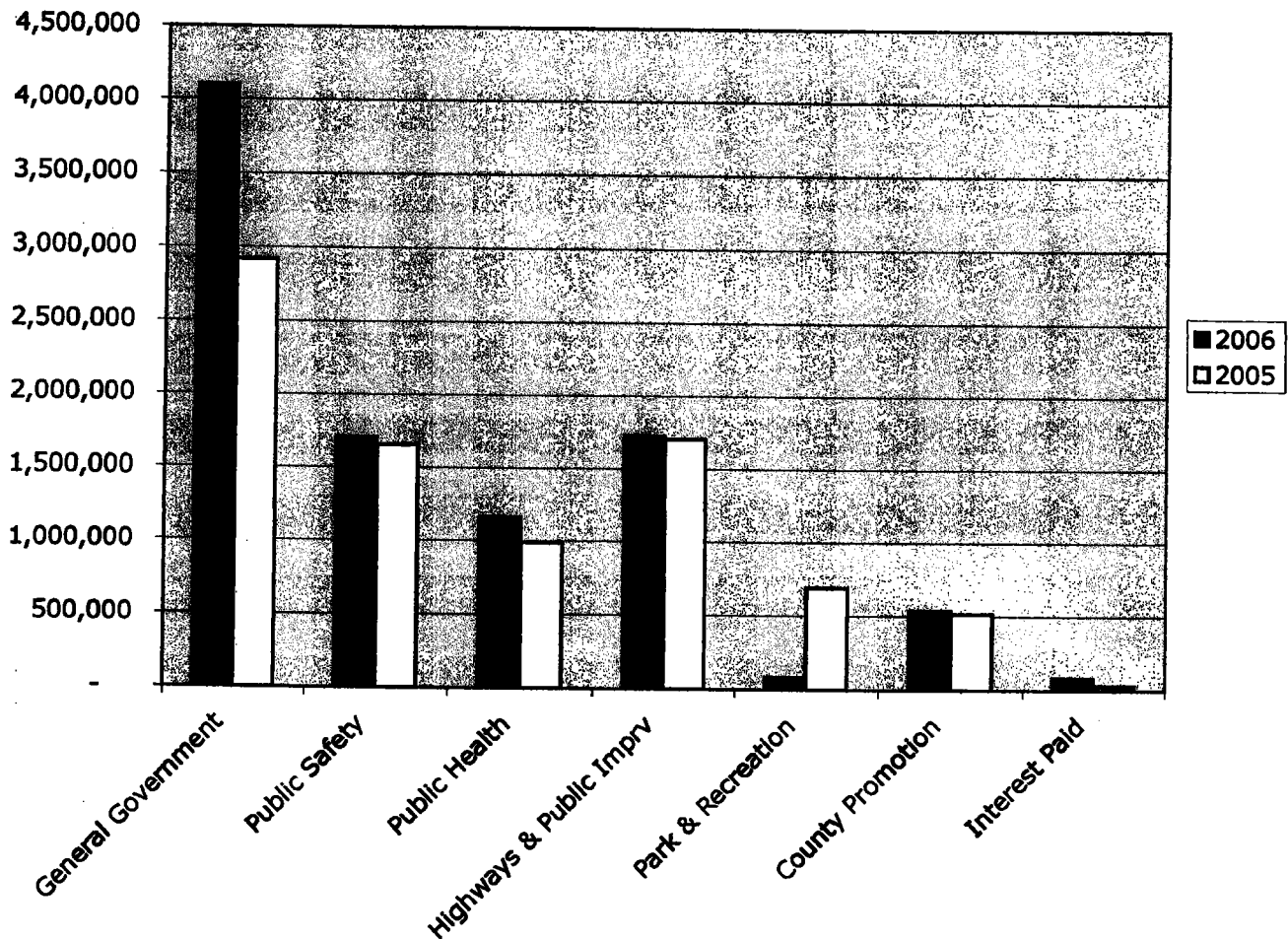
Governmental Revenues



KANE COUNTY
Governmental Expenditures
For The Fiscal Years Ending December 31, 2006 and 2005

	2006	2005
General Government	4,103,531	2,917,770
Public Safety	1,711,243	1,658,520
Public Health	1,163,027	988,790
Highways & Public Imprv	1,728,040	1,707,353
Park & Recreation	81,405	691,960
County Promotion	541,644	518,594
Interest Paid	83,554	31,794
Total Expenditures	9,412,444	8,514,781

Governmental Expenditures



(This page contains no information and
is used to assist in formatting for easier reading)

BASIC FINANCIAL STATEMENTS

**KANE COUNTY
STATEMENT OF NET ASSETS**

December 31, 2006

	Primary Government Governmental Activities	Component Units
ASSETS		
Current Assets:		
Cash and Cash Equivalents	3,468,898	4,645,911
Accounts Receivable	-	1,839,612
Due From Other Government Units	621,195	384,133
Inventory	-	251,231
Prepaid Expenses	-	104,715
Total Current Assets	<u>4,090,093</u>	<u>7,225,602</u>
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	-	882,328
Bond Costs (Net)	-	34,678
Accounts Receivable	-	165,490
Note Receivable	-	41,330
Capital Assets (Net of Accumulated Depreciation)	<u>22,594,052</u>	<u>8,285,888</u>
Total Noncurrent Assets	<u>22,594,052</u>	<u>9,409,714</u>
TOTAL ASSETS	<u><u>26,684,145</u></u>	<u><u>16,635,316</u></u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	251,131	407,377
Accrued Liabilities	11,660	318,876
Deferred Revenue	-	316,750
Loan Payable - Due Within One Year	128,391	-
Capital Leases Payable - Due Within One Year	72,545	33,395
G. O. Bonds Payable - Due Within One Year	-	441,035
Revenue Bonds Payable - Due Within One Year	<u>438,627</u>	<u>96,149</u>
Total Current Liabilities	<u>902,354</u>	<u>1,613,582</u>
Noncurrent Liabilities:		
Capital Leases Payable - More Than One Year	275,739	280,335
G. O. Bonds Payable - More Than One Year	-	1,126,893
Revenue Bonds Payable - More Than One Year	457,570	326,679
Estimated Closure and Postclosure Costs	-	59,500
Compensated Absences	<u>183,711</u>	<u>-</u>
Total Noncurrent Liabilities	<u>917,020</u>	<u>1,793,407</u>
TOTAL LIABILITIES	<u><u>1,819,374</u></u>	<u><u>3,406,989</u></u>
NET ASSETS		
Investment in Capital Assets, Net of Debt	21,697,854	6,016,080
Restricted	1,991,295	1,058,865
Unrestricted	<u>1,175,622</u>	<u>6,153,382</u>
TOTAL NET ASSETS	<u><u>24,864,771</u></u>	<u><u>13,228,327</u></u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>26,684,145</u></u>	<u><u>16,635,316</u></u>

The notes to the financial statements are an integral part of this statement.

KANE COUNTY STATEMENT OF ACTIVITIES

For The Year Ended December 31, 2006

Function/Programs Primary Government:	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net Assets	
		Charges for Services	Operating Grants/Contributions	Governmental Activities	Component Units
Governmental Activities:					
General Government	4,103,531	897,989	314,997	(2,890,545)	-
Public Safety	1,711,243	253,691	306,563	(1,150,989)	-
Public Health	1,163,027	25,146	291,395	(846,486)	-
Highways and Public Improvements	1,728,040	87,496	988,902	(651,642)	-
Park and Recreation	81,405	335	-	(81,070)	-
County Promotion	541,644	64,977	85,000	(391,667)	-
Interest on Long-Term Debt	83,554	-	-	(83,554)	-
Total Primary Government	9,412,444	1,329,634	1,986,857	(6,095,953)	-
Component Units:					
Cedar Mountain Fire District	583,468	25,032	11,800	-	(546,636)
Western Kane District	709,866	870,798	-	-	160,932
Hospital District	8,663,941	8,310,301	144,071	-	(209,569)
Church Wells District	65,455	65,067	5,398	-	5,010
Glen Canyon District	169,726	176,207	-	-	6,481
East Zions District	176,962	216,293	-	-	39,331
Total Component Units	10,369,418	9,663,698	161,269	-	(544,451)
General Revenues:					
Property Taxes				1,511,780	-
Fee-In-Lieu of Property Taxes				229,536	-
Assessing and Collecting Taxes				672,974	-
Sales Taxes				1,667,663	1,264,947
Restaurant Tax				371,903	-
Transient Room Tax				100,465	-
Property Assessment Fees				-	649,594
Grants and Contributions Not Restricted to Specific Programs				538,422	-
Unrestricted Investment Earnings				147,049	166,177
Gain on Trade-In of Capital Assets				37,277	35,000
Miscellaneous				66,711	-
Total General Revenues and Transfers				5,343,780	2,115,718
Change in Net Assets				(752,173)	1,571,267
Net Assets - Beginning				25,616,944	11,657,060
Net Assets - Ending				24,864,771	13,228,327

The notes to the financial statements are an integral part of this statement.

**KANE COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS**

For The Year Ended December 31, 2006

ASSETS	General Fund	Class B Roads	Courthouse MBA	Hospital	Other Governmental Funds	Total Governmental Funds
Cash and Cash Equivalents	854,840	1,704,436	93,217	395,179	421,226	3,468,898
Due From Other Government Units	151,689	172,801	-	-	296,705	621,195
TOTAL ASSETS	<u>1,006,529</u>	<u>1,877,237</u>	<u>93,217</u>	<u>395,179</u>	<u>717,931</u>	<u>4,090,093</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accrued Liabilities	5,782	2,193	-	-	3,685	11,660
Accounts Payable	180,592	1,346	-	45,585	23,608	251,131
Total Liabilities	<u>186,374</u>	<u>3,539</u>	<u>-</u>	<u>45,585</u>	<u>27,293</u>	<u>262,791</u>
Fund Balances:						
Reserved For:						
Class "B" Road	-	1,873,698	-	-	-	1,873,698
Transient Room Tax	-	-	-	-	117,597	117,597
Unreserved, Reported In:						
General Fund	820,155	-	-	-	-	820,155
Special Revenue Funds	-	-	93,217	349,594	573,041	1,015,852
Total Fund Balance	<u>820,155</u>	<u>1,873,698</u>	<u>93,217</u>	<u>349,594</u>	<u>690,638</u>	<u>3,827,302</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>1,006,529</u>	<u>1,877,237</u>	<u>93,217</u>	<u>395,179</u>	<u>717,931</u>	<u>4,090,093</u>

The notes to the financial statements are an integral part of this statement.

KANE COUNTY
BALANCE SHEET RECONCILIATION TO STATEMENT OF NET ASSETS

December 31, 2006

Total Fund Balances - Governmental Fund Types	3,827,302
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Land	994,336	
Buildings	4,778,670	
Equipment	956,479	
Vehicles	369,010	
Rights of Way	6,569,819	
Infrastructure	<u>8,925,738</u>	
 Total		 22,594,052

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:

Loan Payable	(476,675)	
Revenue Bonds Payable	(896,197)	
Compensated Absences	<u>(183,711)</u>	
 Total		 <u>(1,556,583)</u>

Net Assets of Government Activities	<u>24,864,771</u>
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KANE COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For The Year Ended December 31, 2006

	General Fund	Class B Roads	Courthouse MBA	Hospital	Other Governmental Funds	Total Governmental Funds
Revenues:						
Property Taxes	2,414,290	-	-	-	-	2,414,290
Other Taxes	-	-	-	-	472,368	472,368
Sales Taxes	373,775	-	-	1,293,888	-	1,667,663
Licenses and Permits	317,132	-	-	-	-	317,132
Intergovernmental	856,783	-	-	141,887	452,707	2,440,279
Charges for Services	365,372	988,902	-	-	-	451,395
Fines and Forfeitures	318,785	86,023	-	-	-	318,785
Interest	14,279	106,300	-	13,410	13,060	147,049
Miscellaneous	66,711	-	539	-	326,783	394,033
Total Revenues	4,727,127	1,181,225	539	1,449,185	1,264,918	8,622,994
Expenditures:						
Current:						
General Government	3,017,256	-	-	-	771,599	3,788,855
Public Safety	1,662,498	-	-	-	70,783	1,733,281
Public Health	111,760	-	90,561	760,505	200,201	1,163,027
Highways and Public Improvements	30,500	1,496,250	-	-	-	1,526,750
Parks and Recreation	53,610	-	-	-	14,188	67,798
County Promotion	32,623	-	-	-	509,021	541,644
Debt Service:						
Principal	40,744	35,584	1,000,000	422,078	-	1,498,406
Interest	10,385	1,423	34,897	49,174	-	95,879
Total Expenditures	4,959,376	1,533,257	1,125,458	1,231,757	1,565,792	10,415,640
Excess of Revenues Over (Under) Expenditures	(232,249)	(352,032)	(1,124,919)	217,428	(300,874)	(1,792,646)
Other Financing Sources (Uses):						
Transfers In	-	-	30,000	-	70,115	100,115
Transfers Out	(70,115)	-	-	-	(30,000)	(100,115)
Loan Proceeds	-	-	-	-	517,419	517,419
Total Other Financing	(70,115)	-	30,000	-	557,534	517,419
Net Change In Fund Balance	(302,364)	(352,032)	(1,094,919)	217,428	256,660	(1,275,227)
Fund Balance - Beginning	1,122,519	2,225,730	1,188,136	132,166	433,978	5,102,529
Fund Balance - Ending	820,155	1,873,698	93,217	349,594	690,638	3,827,302

The notes to the financial statements are an integral part of this statement.

KANE COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For The Year Ended December 31, 2006

Amounts reported for governmental activities in the statement of activities
are different because:

Net Changes in Fund Balances - Total Governmental Funds	(1,275,227)
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Governmental funds report capital outlays as expenditures. However, in
the statement of activities the cost of those assets is allocated over their
estimated useful lives and reported as depreciation expense. This is the
amount by which capital outlays exceeded depreciation in the current period:

Capital Outlays	191,358	
Depreciation Expense	<u>(667,350)</u>	
Total		(475,992)

The issuance of long-term debt (e.g., bonds, leases) provide current financial
resources to governmental funds, while the repayment of the principal of
long-term debt consumes the current financial resources of governmental funds.
Neither transaction, however, has any effect on net assets. This amount is the
net effect of these differences in the treatment of long-term debt and related items:

Payments on Long-Term Debt	1,498,406	
Loan Proceeds	(517,419)	
Decrease in Accrued Interest Payable	1,940	
Increase in Compensated Absences	<u>(21,158)</u>	
Total		961,769

Some expenses reported in the statement of activities do not require the use of
current financial resources and, therefore, are not reported as expenditures in
governmental funds:

Gain on Trade-In of Equipment		<u>37,277</u>
Changes In Net Assets of Governmental Activities		<u><u>(752,173)</u></u>

**KANE COUNTY
STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUND**

December 31, 2006

ASSETS:

Cash and Investments	561,592
Taxes Receivable	<u>64,859</u>
TOTAL ASSETS	<u>626,451</u>

LIABILITIES:

Collections Payable	498,278
Due to Taxing Units	<u>128,173</u>
TOTAL LIABILITIES	<u>626,451</u>

KANE COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of Kane County have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board.

The accompanying basic financial statements present the financial position of various fund types and the results of operations of the various fund types. The basic financial statements are presented for the year ended December 31, 2006.

A. Reporting Entity

For financial reporting purposes, Kane County has included all funds. The County has also considered all potential component units for which it is financially accountable and that exclusion would cause the County's financial statements to be misleading or incomplete. Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include (1) appointing a voting majority of an organization's governing body and (2) the ability of the County to impose its will on that organization or (3) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the County.

As required by generally accepted accounting principles, these financial statements present Kane County (the primary government) and its component units. The component units are included in the County's reporting entity because of the significance of their operational or financial relationships with the County. Complete financial statements of the individual component units, that issued separate financial statements, can be obtained from the Kane County Auditor's office.

Discrete Component Units:

These component units are entities which are legally separate from the County, but are financially accountable to the County or whose relationships with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The County must approve their tax rates and debt. The County could also take away their operating authority and could dissolve the District. Each of these districts was organized under the State of Utah's Statute for special service districts, Section 17A-2-1300. The component units column of the combined financial statements include the financial data of the following entities:

- * Cedar Mountain Fire Protection District (Governmental Fund Type) - This District was organized by the Kane County Commissioners under the laws of the State of Utah on March 13, 1995. The District operates under a board of directors and provides fire protection to the residents of the District. A copy of the report can be obtained at the Kane County Auditor's office in Kanab, Utah.

KANE COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- * Kane County Recreation and Transportation Special Service District (Governmental Fund Type) - This District was organized by the Kane County Commissioners under the laws of the State of Utah on October 1, 1996. The District operates under a board of directors and provides recreation and transportation capital projects, exclusive of electronic sites, on a County wide basis. There was no activity during 2006.
- * Western Kane County Special Service District #1 (Proprietary Fund Type) - This District was organized by the Kane County Commissioners under the laws of the State of Utah. The District operates under a board of directors and provides garbage disposal and television signal reception to the residents of Kane County. The District was audited by other independent auditors, and their report, dated May 30, 2007, has been previously issued under separate cover. A copy of the report can be obtained at the Kane County Auditor's office in Kanab, Utah.
- * Glen Canyon Special Service District #1 (Proprietary Fund Type) - This District was created July 31, 1979 by resolution of the County Commission of Kane County, Utah, as an enterprise fund. The five board members were appointed by the County Commissioners. The District was created to provide water utility service to the Town of Big Water, Utah. The District was audited by other independent auditors, and their report dated May 29, 2007, has been previously issued under separate cover. A copy of the report can be obtained at the Kane County Auditor's office in Kanab, Utah.
- * Kane County Human Resource Special Service District, dba Kane County Hospital (Proprietary Fund Type) - This District was established under provisions of Utah Special Service District Act. The District is governed by a seven member Board of Trustees initially appointed by the Kane County Board of Commissioners. After initial appointment, voting board members will be elected for four-year terms. The Board of Trustees has charge of the administration, maintenance and control of the Special Service District, dba Kane County Hospital which consists of a hospital, ambulatory care facility, and an ambulance service. The District was audited by other independent auditors, and their report, dated May 21, 2007, has been previously issued under separate cover. A copy of the report can be obtained at the Kane County Auditor's office in Kanab, Utah.
- * Church Wells Special Service District (Proprietary Fund Type) - This District was created by the adoption of a resolution to establish a special service district by the Kane County Commission on January 1, 1980. The District was created to provide water utility service to residents of the District. A copy of the report can be obtained at the Kane County Auditor's office in Kanab, Utah.

KANE COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- * East Zion Special Service District (Proprietary Fund Type) - This District was organized by Kane County Commissioners under the laws of the State of Utah on January 8, 2001. The District operates under a board of Directors and is authorized to operate wastewater collection and treatment facilities, and culinary water services to service all persons and property located within the boundaries of the District, and to provide all things related and necessary to carrying out these purposes. The Governing Board will be composed of not less than 3 or more than 5 members, all appointed by the County Commission upon recommendation of the owners of property within the District. The District was audited by other independent auditors, and their report, dated May 20, 2007, has been previously issued under separate cover. A copy of the can be obtained at the Kane County Auditor's office in Kanab, Utah.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., statement of net assets and statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

KANE COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, Kane County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenues items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The B Road Fund receives funding from the State Department of Transportation to be expended on eligible B Roads in the County.

The Municipal Building Authority accounts for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

The Hospital Fund receives designated tax monies which are transferred to the local hospital for their debt service payment.

The Government also reports the following Other Governmental Funds:

Restaurant Tax, E-911, County Fair, Narcotics Task Force, Arena Revenue Bonds, Transient Room Tax, Special Payroll Funds, Council on Aging, Victims Advocate, Reimbursable Grant, Assessing and Collecting and Aero Division. These funds account for those revenues that are restricted for certain expenditures.

Additionally the Government reports the following fund type:

The Treasurer's Tax Collection Agency Fund is used to account for taxes collected by the County Treasurer but not paid as of December 31 to the taxing entities within the County.

KANE COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Equity

Deposits and Investments:

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the government to invest in obligations of the U. S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Investment Pool.

Investments for the government, as well as for its component units, are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Capital Assets:

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

Buildings	40 Years
Improvements Other Than Buildings	20 Years
Equipment	5 Years

KANE COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences:

At year end the County was liable for vacation pay and compensatory time. The liability was computed according to the personnel policy.

Long-Term Obligations:

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets.

In the fund financial statement, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, if any, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity:

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designation of fund balance represent tentative management plans that are subject to change.

E. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

F. Property Taxes:

Property taxes are assessed and collected for the County by Kane County and remitted to the County shortly after collection. Property taxes become a lien on January 1 and are levied on the first Monday in August. Taxes are due and payable November 1, and are delinquent after November 30. All dates are in the year of levy.

KANE COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Budgets and Budgetary Accounting:

Annual budgets are prepared and adopted by ordinance by total for each department, in accordance with State law, by the County Auditor and County Commissioners on or before December 15 for the following fiscal year beginning January 1. Estimated revenues and appropriations may be increased or decreased by resolution of the County Commissioners at any time during the year. A public hearing must be held prior to any proposed increase in a fund's appropriations. Budgets include activities in the General Fund. The level of the County's budgetary control (the level at which the County's expenditures cannot legally exceed appropriations) is established at the department level. Each department head is responsible for operating within the budget for their department. All annual budgets lapse at fiscal year end.

Utah State law prohibits the appropriation of unreserved General Fund balance to an amount less than 5% of the General Fund revenues. The 5% reserve that cannot be budgeted is used to provide working capital until tax revenue is received, to meet emergency expenditures, and to cover unanticipated deficits. The maximum in the General Fund may not exceed 50% of the General Fund's total revenue.

Once adopted, the budget may be amended by the County Commissioners without a public hearing provided the budgeted expenditures do not exceed budgeted revenues and appropriated fund balance. A public hearing must be held if the budgeted expenditures will exceed budgeted revenues and any fund balance which is available for budgeting. With the consent of the Commissioners, department heads may reallocate unexpended appropriated balances from one expenditure account to another within that department during the budget year. Budgets for the General Fund are prepared on the modified accrual basis of accounting. Encumbrances are not used.

NOTE 2 - DEPOSITS AND INVESTMENTS

The County maintains a cash and investment pool that is available for use by all funds. Each fund types portion of this pool is displayed on the combined balance sheet as "Cash and Cash Equivalents".

Deposits:

At year-end the carrying amount of the County's deposits for the Primary Government was (\$66,161) and bank balance was \$1,303,206. Of the bank balances, \$150,000 was covered by federal depository insurance. At year-end the carrying amount of the component units was \$2,690,033 and the bank balance was \$2,840,225. Of the bank balance, \$866,968 was covered by federal depository insurance. Utah state statutes do not require deposits to be collateralized, however, financial institutions must be approved by the State Money Management Council.

KANE COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Primary Government:

Cash and investments as of December 31, 2006, consist of the following:

	<u>Fair Value</u>
Demand Deposits	139,099
Investments - PTIF	2,965,281
Repurchase Agreements	<u>926,110</u>
Total Cash and Investments	<u><u>4,030,490</u></u>

Cash and investments listed above are classified in the accompanying government-wide statement of net assets as follows:

Governmental Activities - Unrestricted	1,477,603
Governmental Activities - Restricted	1,991,295
Fiduciary Funds	<u>561,592</u>
Total Cash and Cash Equivalents	<u><u>4,030,490</u></u>

Component Units:

Cash and investments as of December 31, 2006, consist of the following:

	<u>Fair Value</u>
Demand Deposits	2,690,033
Investments - PTIF	<u>2,838,206</u>
Total Cash and Investments	<u><u>5,528,239</u></u>

Cash and investments in component units listed above are classified in the accompanying government-wide statement of net assets as follows:

Unrestricted	4,645,911
Restricted	<u>882,328</u>
Total Cash and Cash Equivalents	<u><u>5,528,239</u></u>

KANE COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

The Utah Money Management Act (UMMA) established specific requirements regarding deposits of public funds by public treasurers. UMMA requires that County funds be deposited with a qualified depository which includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements specified in UMMA Section 51, Chapter 7. UMMA provides the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and also defines capital requirements which an Institution must maintain to be eligible to accept public funds. UMMA lists the criteria for investments and specifies the assets which are eligible to be invested in, and for some investments, the amount of time to maturity.

UMMA enables the State Treasurer to operate the Public Treasurer's Investment Pool (PTIF). PTIF is managed by the Utah State Treasurer's investment staff and comes under the regulatory authority of the Utah Money Management Council. This council is comprised of a select group of financial professionals from units of local and state government and financial institutions doing business in the state. PTIF operations and portfolio composition is monitored at least semi-annually by Utah Money Management Council. PTIF is unrated by any nationally recognized statistical rating organizations.

Deposits in PTIF are not insured or otherwise guaranteed by the State of Utah. Participants share proportionally in any realized gains or losses on investments which are recorded on an amortized cost basis. The balance available for withdrawal is based on the accounting records maintained by PTIF. The fair value of the investment pool is approximately equal to the value of the pool shares.

Deposits and investments for local government are governed by the Utah Money Management Act (Utah Code Annotated, Title 51, Chapter 7, "the Act") and by rules of the Utah Management Council ("the Council"). Following are discussions of the local government's exposure to various risks related to its cash management activities.

Custodial Credit Risk:

Deposits - Custodial credit risk for deposits is the risk that in the event of a bank failure, the local government's deposits may not be recovered. The local government's policy for managing custodial credit risk is to adhere to the UMMA. The Act requires all deposits of the local government to be in a qualified depository, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Council. As of December 31, 2006, \$1,153,206 of the local government's bank balances of \$1,303,206 were uninsured and uncollateralized.

Credit Risk:

Credit risk is the risk that the counterparty of an investment will not fulfill its obligations. The local government's policy for limiting the credit risk of investments is to comply with the UMMA.

KANE COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

The local government is authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized cost basis. The income, gains and losses, net of administration fees, of the PTIF are allocated based upon the participants' average daily balances.

For the year ended December 31, 2006, the local governments has investments of \$2,965,281 with the PTIF. The entire balance had a maturity less than one year. The PTIF pool has not been rated.

Interest Rate Risk:

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The local government manages its exposure to declines in fair value by investments mainly in the PTIF and by adhering to the Money Management Act. The act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested.

Concentration of Credit Risk:

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investments in a single issuer. PTIF falls under the constraints of UMMA in limiting concentrations of investments.

NOTE 3 - REVENUE RECOGNITION - PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and are due and payable at that time. All unpaid taxes levied November 1 become delinquent January 15 of the following year.

Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within sixty days after year end. Delinquent taxes are considered fully collectible and therefore no allowance for uncollectible taxes is provided.

NOTE 4 - DUE FROM OTHER GOVERNMENT UNITS

Due from other governmental units is comprised of the following:

Class B Road Allotment - State of Utah	172,801
Narcotics Strike Force - State Reimbursement	1,676
Forest Reserve	18,981
State Assessing and Collecting	132,708
Other Grants	192,744
Special Service Districts Payroll Reimbursements	<u>102,285</u>
Total	<u><u>621,195</u></u>

KANE COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 5 - CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2006, was as follows:

Primary Government:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	994,336	-	-	994,336
Rights of Way	6,569,819	-	-	6,569,819
Infrastructure	<u>8,925,738</u>	<u>-</u>	<u>-</u>	<u>8,925,738</u>
 Total Capital Assets Not Being Depreciated	 <u>16,489,893</u>	 <u>-</u>	 <u>-</u>	 <u>16,489,893</u>
 Capital Assets Being Depreciated:				
Buildings	8,212,300	-	-	8,212,300
Equipment	<u>3,421,421</u>	<u>401,135</u>	<u>358,899</u>	<u>3,463,657</u>
 Total Capital Assets Being Depreciated	 <u>11,633,721</u>	 <u>401,135</u>	 <u>358,899</u>	 <u>11,675,957</u>
 Less Accumulated Depreciation For:				
Buildings	3,158,887	273,743	-	3,432,630
Equipment	<u>1,931,960</u>	<u>393,607</u>	<u>186,400</u>	<u>2,139,167</u>
 Total Accumulated Depreciation	 <u>5,090,847</u>	 <u>667,350</u>	 <u>186,400</u>	 <u>5,571,797</u>
 Total Capital Assets Being Depreciated (Net)	 <u>6,542,874</u>	 <u>(266,215)</u>	 <u>172,499</u>	 <u>6,104,160</u>
 Governmental Activities Capital Assets, Net	 <u><u>23,032,767</u></u>	 <u><u>(266,215)</u></u>	 <u><u>172,499</u></u>	 <u><u>22,594,053</u></u>

KANE COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 5 - CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions of the Primary Government as follows:

General Government	295,828
Public Safety	150,590
Highways and Public Improvements	207,325
Parks and Recreation	<u>13,607</u>
Total Depreciation Expense	<u><u>667,350</u></u>

Component Units:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land and Water	<u>122,127</u>	<u>-</u>	<u>-</u>	<u>122,127</u>
Capital Assets Being Depreciated:				
Buildings	395,033	390	-	395,423
Equipment	<u>209,754</u>	<u>101,690</u>	<u>-</u>	<u>311,444</u>
Total Capital Assets Being Depreciated	<u>604,787</u>	<u>102,080</u>	<u>-</u>	<u>706,867</u>
Less Accumulated Depreciation For:				
Buildings	52,674	8,779	-	61,453
Equipment	<u>21,397</u>	<u>10,965</u>	<u>-</u>	<u>32,362</u>
Total Accumulated Depreciation	<u>74,071</u>	<u>19,744</u>	<u>-</u>	<u>93,815</u>
Total Capital Assets Being Depreciated (Net)	<u>530,716</u>	<u>82,336</u>	<u>-</u>	<u>613,052</u>
Governmental Activities Capital Assets, Net	<u>652,843</u>	<u>82,336</u>	<u>-</u>	<u>735,179</u>

KANE COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 5 - CAPITAL ASSETS (CONTINUED)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business Type Activities:				
Capital Assets Not Being Depreciated:				
Land	<u>249,314</u>	<u>319,018</u>	<u>-</u>	<u>568,332</u>
Total Capital Assets Not Being Depreciated	<u>249,314</u>	<u>319,018</u>	<u>-</u>	<u>568,332</u>
Capital Assets Being Depreciated:				
Buildings	5,487,526	211,704	(181,544)	5,880,774
Improvements	2,025,079	-	-	2,025,079
Equipment	<u>6,212,345</u>	<u>688,769</u>	<u>305,244</u>	<u>6,595,870</u>
Total Capital Assets Being Depreciated	<u>13,724,950</u>	<u>900,473</u>	<u>123,700</u>	<u>14,501,723</u>
Less Accumulated Depreciation For:				
Buildings	1,890,955	223,235	(56,391)	2,170,581
Improvements	639,934	58,860	-	698,794
Equipment	<u>4,282,192</u>	<u>547,872</u>	<u>180,091</u>	<u>4,649,973</u>
Total Accumulated Depreciation	<u>6,813,081</u>	<u>829,967</u>	<u>123,700</u>	<u>7,519,348</u>
Total Capital Assets Being Depreciated (Net)	<u>6,911,869</u>	<u>70,506</u>	<u>-</u>	<u>6,982,375</u>
Business Type Activities Capital Assets, Net	<u>7,161,183</u>	<u>389,524</u>	<u>-</u>	<u>7,550,707</u>
Total - Government Wide	<u>7,814,026</u>	<u>471,860</u>	<u>-</u>	<u>8,285,886</u>

KANE COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 6 - HOSPITAL GENERAL OBLIGATION BONDS

During 1996 the County issued \$6,000,000 in Hospital General Obligation Bonds for the purpose of funding the construction of a new hospital facility in Kanab, Utah. The County also approved a 1% increase in the sales tax rate to insure the debt service payment of approximately \$515,000 per year including interest at an average rate of 4.835%. The County will collect the sales tax monies and then make a contribution to the hospital who will then make the debt service payment. The County owns the hospital facility but the operations of the hospital are being conducted by the Kane County Human Resources Special Service District, a component unity of Kane County.

NOTE 7 - LONG-TERM DEBT

Loans Payable:

On May 17, 2006, the County obtained funds through Zions Bank of \$389,027. These funds will be repaid over 60 months, with an interest rate of 4.79%. The monthly payment is \$7,304. The proceeds of this loan are being used for a new software system and licensing for the County accounting and budgeting. The following is a summary of debt service to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	72,545	10,385	82,930
2008	76,097	11,552	87,649
2009	79,823	7,825	87,648
2010	83,732	3,917	87,649
2011	<u>36,087</u>	<u>433</u>	<u>36,520</u>
	<u>348,284</u>	<u>34,112</u>	<u>382,396</u>

Capital Leases:

The County has entered into lease agreements for financing the acquisition of equipment for the Road Department. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The following is a statement of changes in Capital Leases:

	<u>Outstanding December 31, 2005</u>	<u>Issued</u>	<u>Matured</u>	<u>Outstanding December 31, 2006</u>
Capital Leases	<u>35,584</u>	<u>-</u>	<u>35,584</u>	<u>-</u>

KANE COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 7 - LONG-TERM DEBT (CONTINUED)

General Obligation and Revenue Bonds:

Bonded Long-Term Debt for the primary government consists of the following at December 31, 2006:

Hospital Refunding Revenue Bonds payable to Washington Mutual Bank over six years with semi-annual payments including interest at 3.83%.

896,197

Kane County Hospital Revenue Bonds:

During the 2003 year the Kane County residents approved the issuance of revenue bonds in the amount of \$2,500,000 through the reenactment of the 1% hospital sales tax. The proceeds of the bonds issued were used to retire the outstanding general obligation bonds in the amount of \$892,000 plus interest. The remaining net funds were placed in a hospital escrow account to be used for capital outlays for the hospital. The County Commission must approve all expenditures of said funds.

The bonds require semi-annual payments including interest at 3.83%. The County will retain 50% of the 1% sales tax or an amount required to meet the bond obligation.

The following is a summary of debt service charges to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	438,627	32,373	471,000
2008	<u>457,570</u>	<u>15,225</u>	<u>472,795</u>
	<u>896,197</u>	<u>47,598</u>	<u>943,795</u>

Maturity of General Obligation and Revenue Bonds Payable to maturity is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	438,627	32,373	471,000
2008	<u>457,570</u>	<u>15,225</u>	<u>472,795</u>
	<u>896,197</u>	<u>47,598</u>	<u>943,795</u>

KANE COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
Continued

NOTE 7 - LONG-TERM DEBT (CONTINUED)

The following is a schedule of changes in General Obligation and Revenue Bonds:

Bond Issue:	Date of Issue	Interest Rate	Total Issued	Outstanding December 31, 2005	Issued	Matured	Outstanding December 31, 2006
Revenue Bonds Payable Courthouse MBA	2002	2.5%	1,000,000	1,000,000	-	1,000,000	-
Hospital Refunding Revenue Bond	2003	3.83%	2,500,000	1,318,275	-	422,078	896,197
			<u>3,500,000</u>	<u>2,318,275</u>	<u>-</u>	<u>1,422,078</u>	<u>896,197</u>

KANE COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Compensated Absences - Vacation and Sick Leave:

At December 31, 2006, the County was liable for vacation pay and compensatory time. The liability of \$183,711 was computed according to the personnel policy.

	Balance December 31, 2005	Additions	Deletions	Balance December 31, 2006
Compensated Absences				
Vacation/Sick Leave	162,553	21,158	-	183,711

Component Units:

Long-Term Debt for the component units consists of the following at December 31, 2006:

	Balance December 31, 2005	Issued	Retired	Balance December 31, 2006
General Obligation Bonds	2,037,889	-	469,961	1,567,928
Lease Revenue Bonds	140,654	-	24,598	116,056
Lease Obligations	286,000	50,800	23,070	313,730
Water Revenue Bonds	330,610	-	23,838	306,772
Total	2,795,153	50,800	541,467	2,304,486

The following is a summary of debt service charges to maturity for component units:

	Principal	Interest	Total
2007	570,939	82,695	653,634
2008	596,118	60,548	656,666
2009	124,478	39,969	164,447
2010	128,644	35,399	164,043
2011	132,916	30,581	163,497
2012-2016	691,328	82,696	774,024
2017-2021	60,063	1,130	61,193
Total	2,304,486	333,018	2,637,504

KANE COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 8 - CLASS B ROADS

The following is a schedule of changes in Class B Roads - Reserved Fund Balance:

Reserved Fund Balance - Beginning of Year		2,225,730
Revenues:		
State Allotment	988,902	
Reimbursements	86,023	
Other	<u>106,300</u>	
Total Revenues		1,181,225
Expenditures:		
Salaries and Fringe Benefits	459,646	
Supplies and Maintenance	127,005	
Legal and Professional	12,021	
Materials and Contracts	761,446	
Equipment Purchases	144,265	
Other	<u>28,874</u>	
Total Expenditures		<u>1,533,257</u>
Reserved Fund Balance - End of Year		<u><u>1,873,698</u></u>

NOTE 9 - TRANSIENT ROOM TAX

The Special Revenue Fund of the County accounts for the receipts and disbursements of Transient Room Tax. This tax money is designated to be spent to promote tourism within the County. The tax money is derived from a 3% tax on transient room rentals in the County.

NOTE 10 - MUNICIPAL BUILDING AUTHORITY

During 1996 the County commissioners established a Municipal Building Authority for the purpose of acquiring, improving or extending improvements, facilities or properties and appurtenances to them which the Board of County Commissioners is authorized or permitted by law to acquire. The Building Authority will issue its bonds, notes or other evidences of indebtedness to acquire funds to pay the costs of such projects. The Authority will be funded initially by receipt of the 1% restaurant tax imposed by the County.

KANE COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 10 - MUNICIPAL BUILDING AUTHORITY (CONTINUED)

The following is a schedule of changes in the Municipal Building Authority:

Fund Balance - Beginning of Year		1,188,136
Revenue:		
Other	539	
Transfer	<u>30,000</u>	
Total Revenue		30,539
Expenditures:		
Public Health	90,561	
Debt Service:		
Principal	1,000,000	
Interest	<u>34,897</u>	
Total Expenditures		<u>1,125,458</u>
Fund Balance - End of Year		<u>93,217</u>

NOTE 11 - NARCOTICS STRIKE FORCE - A SPECIAL REVENUE FUND

The Kane County Narcotics Strike Force is a multi-jurisdictional organization created to continue to enhance cooperation between Federal, State, and Local criminal justice agencies and prosecutors in developing better intelligence and successful investigation and prosecution of multi-jurisdictional crimes and their perpetrators. The Strike Force objective is the identification, apprehension and successful prosecution of narcotic conspirators and to enhance recovery of criminal assets.

The governing board consists of the following:

Kane County Sheriff's Office
Kane County Attorney
Kanab City Chief of Police
Orderville Chief of Police
Utah Department of Investigations
Iron County Task Force Coordinator
Strike Force Narcotics Agent

Kane County has no financial benefit or burden as a result of participating in the Narcotics Strike Force Organization. The County is not liable for any debts incurred by the Strike Force.

KANE COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 12 - TRANSFERS

<u>Description</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	-	70,115
Fair	12,050	-
Council On Aging	41,259	-
1% Restaurant Tax	-	30,000
Assessing and Collecting	10,806	-
AERO	6,000	-
Municipal Building Authority	<u>30,000</u>	<u>-</u>
	<u>100,115</u>	<u>100,115</u>

Transfers were made for the following purposes:

- * The General Fund transferred \$12,050 to the Fair Board, \$41,259 to the Council on Aging, \$10,806 to Assessing and Collecting and \$6,000 to the AERO Fund for operational activities.
- * The Restaurant Tax Fund transferred \$30,000 to the Municipal Building Authority for payment of related debt.

NOTE 13 - STATE OF UTAH RETIREMENT PLANS
Local Governmental - Cost Sharing

Plan Description:

Kane County contributes to the Local Governmental Noncontributory Retirement System and Public Safety Other Division A Contributory Retirement System for employers with Social Security coverage, both of which are cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems). Utah Retirement Systems provide retirement benefits, annual cost of living allowances, death benefits and refunds to plan members and beneficiaries in accordance with retirement statutes established and amended by the State Legislature.

KANE COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 13 - STATE OF UTAH RETIREMENT PLANS (CONTINUED)

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement Act in Chapter 49 provides for the administration of the Utah Retirement Systems and plans under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that included financial statements and required supplementary information for the State and School Contributory Retirement System and State and School Noncontributory Retirement System. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

Funding Policy:

Plan members are required to contribute a percent of their covered salary (all or part may be paid by the employer) to the system to which they belong; 1.57% to the Public Safety Contributory System. Kane County is required to contribute a percent of covered salary to the respective systems, 11.59% to the Noncontributory and 21.73% to the Public Safety Contributory Systems. The contribution rates are the actuarially determined rates and are approved by the Board as authorized by Chapter 49.

Kane County contributions to the various systems for the years ending December 31, 2006, 2005 and 2004 respectively were; for the Noncontributory System, \$178,771.23, \$153,874.42 and \$122,546.15; and for the Public Safety Contributory, \$105,829.16, \$92,041.93 and \$73,154.96 respectively. The contributions were equal to the required contributions for each year.

NOTE 14 - RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in the Utah Association of Counties Insurance Mutual, a self-funded risk financing pool administered by the Utah Association of Counties. Through the Mutual, the County maintains general liability, errors and omissions, flood, earthquake, newly acquired property, builders risk, unscheduled locations and crime. The Mutual is reinsured through commercial companies in excess of \$150,000 for property to a limit of \$250,150,000 and \$250,000 for liability to a limit of \$2,250,000 with a combined excess aggregate of \$2,250,000 to \$3,250,000.

The Mutual does not provide coverage for all risks and hazards, however, the County has obtained coverage for these risks through other commercial carriers for employee accidental death and dismemberment, workers compensation, and surety bond coverage.

In 2006 the County provided medical and health through a policy with IHC of Utah. The maximum out-of-pocket expense per person per year is \$1,000 or \$2,000 per family per year.

Claims have not exceeded coverage in any of the last three calendar years.

KANE COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 15 - CONDENSED FINANCIAL STATEMENTS - DISCRETELY PRESENTED COMPONENT UNITS

Kane County has seven component units which are described as follows:

Governmental Fund Type:

Cedar Mountain Fire Protection District - The District provides fire protection to the residents of the District.

Kane County Recreation and Transportation Special Service District - The District provides recreation and transportation capital projects, exclusive of electronic sites, on a County wide basis.

Proprietary Fund Types:

Western Kane County Special Service District #1 - The District provides garbage disposal and television signal reception to the residents of Kane County.

Glen Canyon Special Service District #1 - The District was created to provide water utility service to the Town of Big Water, Utah.

Kane County Human Resource Special Service District, dba Kane County Hospital - The District provides health care facilities which consists of a hospital, ambulatory care facility, and ambulance service.

Church Wells Special Service District - The District provides water utility services to the residents of the District.

East Zion Special Service District - The District was created to provide wastewater collection and treatment facilities and culinary water utility service to all within the boundaries of the District.

Condensed financial statements for the year ended December 31, 2006 are on the following pages:

KANE COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
Continued

NOTE 15 - CONDENSED FINANCIAL STATEMENTS - DISCRETELY PRESENTED COMPONENT UNITS

Condensed Statement of Net Assets:

	Cedar Mountain Fire Protection District	Kane County Recreation and Transportation Special Service District	Western Kane County Special Service District	Glen Canyon Special Service District	Kane County Human Resource Special Service District	Church Wells Special Service District	East Zions Special Service District	Total
Current Assets	1,101,529	-	1,576,406	82,859	4,344,046	19,564	99,998	7,224,402
Noncurrent Assets:								
Restricted Cash	12,200	-	100,000	75,118	695,010	-	-	882,328
Other Noncurrent	-	-	-	-	57,981	165,490	18,027	241,498
Capital Assets (Net)	735,179	-	1,069,259	656,168	4,850,160	252,926	723,396	8,287,088
Total Assets	1,848,908	-	2,745,665	814,145	9,947,197	437,980	841,421	16,635,316
Liabilities:								
Current Liabilities	148,669	-	330,560	25,431	1,038,218	3,000	67,704	1,613,582
Noncurrent Liabilities:								
Long-Term Debt	370,857	-	-	269,501	458,549	37,000	598,000	1,733,907
Other Noncurrent Liabilities	-	-	59,500	-	-	-	-	59,500
Total Liabilities	519,526	-	390,060	294,932	1,496,767	40,000	665,704	3,406,989
Net Assets:								
Capital Assets - Net								
of Related Debt	305,393	-	1,068,059	364,644	3,969,635	212,926	95,423	6,016,080
Restricted	288,737	-	-	75,118	695,010	-	-	1,058,865
Unrestricted	735,252	-	1,287,546	79,451	3,785,785	185,054	80,294	6,153,382
Net Assets	1,329,382	-	2,355,605	519,213	8,450,430	397,980	175,717	13,228,327
Total Liabilities and Net Assets	1,848,908	-	2,745,665	814,145	9,947,197	437,980	841,421	16,635,316

KANE COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 15 - CONDENSED FINANCIAL STATEMENTS - DISCRETELY PRESENTED COMPONENT UNITS (CONTINUED)
Condensed Statement of Revenues, Expenses and Changes in Net Assets:

Governmental Activities:

	Cedar Mountain Fire Protection District	Kane County Recreation and Transportation Special Service District	Total
Revenues	705,826	-	705,826
Current Expenses	(583,468)	-	(583,468)
Change in Net Assets	122,358	-	122,358
Net Assets - Beginning	1,207,024	-	1,207,024
Net Assets - Ending	1,329,382	-	1,329,382

Business Type Activities:

	Western Kane County Special Service District	Glen Canyon Special Service District	Kane County Human Resource Special Service District	Church Wells Special Service District	East Zions Special Service District	Total
Operating Revenue	870,798	176,207	8,310,301	65,067	216,293	9,638,666
Operating Expenses:						
Depreciation	(151,651)	(50,912)	(582,804)	(18,490)	(36,282)	(840,139)
Other	(558,215)	(112,273)	(8,031,909)	(44,632)	(113,738)	(8,860,767)
Operating Income (Loss)	160,932	13,022	(304,412)	1,945	66,273	(62,240)
Non-Operating Revenues:						
Other Income (Expense)	35,000	-	1,409,018	5,398	-	1,449,416
Interest Income	68,790	5,282	72,213	269	223	146,777
Interest Expense	-	(6,541)	(49,228)	(2,333)	(26,942)	(85,044)
Total Non-Operating Revenues	103,790	(1,259)	1,432,003	3,334	(26,719)	1,511,149
Change in Net Assets	264,722	11,763	1,127,591	5,279	39,554	1,448,909
Net Assets - Beginning	2,090,883	507,450	7,322,839	392,701	136,163	10,450,036
Net Assets - Ending	2,355,605	519,213	8,450,430	397,980	175,717	11,898,945

**REQUIRED SUPPLEMENTARY
INFORMATION
"UNAUDITED"**

**KANE COUNTY
CONDITION RATING OF THE COUNTY'S ROAD SYSTEM**

For The Year Ended December 31, 2006

Percentage of Lane-Miles in Good or Better Condition in 2002, 2003, 2004, 2005 and 2006:

	<u>Paved</u>	<u>Gravel</u>	<u>Dirt (Native)</u>	<u>Bridges</u>	<u>Overall System</u>
2002	87	80	20	100	62
2003	89	83	20	100	63
2004	91	83	20	100	65
2005	89	81	77	100	63
2006	90	85	78	100	65

Percentage of Lane-Miles in Substandard Condition in 2002, 2003, 2004, 2005 and 2006:

	<u>Paved</u>	<u>Gravel</u>	<u>Dirt (Native)</u>	<u>Bridges</u>	<u>Overall System</u>
2002	5	20	80	0	35
2003	5	20	80	0	35
2004	6	20	75	0	34
2005	7	13	11	0	12
2006	6	12	10	0	14

Comparison of Needed-to-Actual Maintenance/Preservation in 2002, 2003, 2004, 2005 and 2006 - Roads and Bridges:

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Paved:					
Needed	370,474	422,827	452,000	171,297	180,000
Actual	390,300	421,849	430,000	165,793	165,000
Gravel:					
Needed	453,213	136,153	405,000	23,587	200,000
Actual	481,370	158,417	350,000	248,781	185,000
Dirt (Native):					
Needed	411,226	671,686	705,000	1,152,361	1,200,000
Actual	429,330	618,404	690,000	1,130,470	1,183,257
Overall System:					
Needed	1,234,913	1,230,666	1,562,000	1,557,245	1,580,000
Actual	1,301,000	1,198,670	1,470,000	1,545,044	1,533,257
Difference	<u>(66,087)</u>	<u>31,996</u>	<u>92,000</u>	<u>12,201</u>	<u>46,743</u>

The condition of road pavement is measured using the American... (AASHTO) pavement management system, which is based on stress factors found in pavement surfaces. The AASHTO pavement management system uses a measurement scale that is based on a condition index ranging from zero for a failed pavement to 100 for a pavement in perfect condition. The condition index is used to classify roads in good condition (70-100), fair condition (50-69), and substandard condition (less than 50). It is the County's policy to maintain at least 80 percent of its road system at a good or better condition level. No more than 20 percent should be in substandard condition for paved and gravel roads. It is also the County's policy to maintain at least 20 percent of its native road system at a good or better condition level. No more than 80 percent should be in substandard condition for native road system. Condition assessments are determined every year.

This schedule presents the information for the required five years. GASB standards require reporting the last three complete condition assessments and needed-to-actual information for 5 years.

The condition of the County's bridges is determined using its Bridge Management and Inspection Program (BMIP). The bridge condition rating, which is a weighted average of an assessment of the ability of individual components to function structurally, uses a numerical condition scale ranging from 1.0 (impaired or load restricted) to 7.0 (new). It is the County's policy to keep the number and square footage of deck area of bridges with a condition rating of 1.0 to 1.9 below 1 percent. All bridges are inspected every two years.

KANE COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

For The Year Ended December 31, 2006

Budgetary Comparison Schedules:

The Budgetary Comparison Schedules presented in this section of the report are for the County's General Fund.

Budgeting and Budgetary Control:

Budgets for the General Fund are legally required and are prepared and adopted on the modified accrual basis of accounting.

Original budgets represent the revenue estimates and spending authority authorized by the County Commission prior to the beginning of the year. Final budgets represent the original budget amounts plus any amendments made to the budget during the year by the Commission through formal resolution. Final budgets do not include unexpended balances from the prior year because such balances automatically lapse to unreserved fund balance at the end of each year.

Current Year Excess of Expenditures over Appropriations:

For the year ended December 31, 2006, spending for all funds and departments of the County was within the approved budgets.

**KANE COUNTY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For The Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary</u>	<u>Final Budget</u>
			<u>Basis</u>	<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Property Taxes	2,075,952	2,075,952	2,414,290	338,338
Sales Taxes	400,000	400,000	373,775	(26,225)
Licenses and Permits	315,500	315,500	317,132	1,632
Intergovernmental Revenue	1,150,470	1,150,470	856,783	(293,687)
Charges for Services	449,000	449,000	365,372	(83,628)
Fines and Forfeitures	330,000	330,000	318,785	(11,215)
Miscellaneous Revenue	56,000	56,000	80,990	24,990
Use of Surplus	172,896	501,655	-	(501,655)
Total Revenues	4,949,818	5,278,577	4,727,127	(551,450)
Expenditures:				
General Government:				
Commission	125,241	131,441	131,402	39
Legal and Technical Assistance	90,000	251,000	250,798	202
Human Resources	46,407	52,000	51,013	987
Volunteer Center/Vista	15,000	15,500	15,101	399
District Court	82,995	82,995	71,789	11,206
J. P. Court	173,753	173,753	154,630	19,123
Public Defender	46,635	46,635	32,250	14,385
Law Library	8,700	8,700	8,189	511
Data Processing	246,863	246,863	239,486	7,377
Clerk-Auditor	93,547	93,547	90,107	3,440
Treasurer	103,349	103,349	101,989	1,360
Recorder	167,267	167,267	160,420	6,847
Attorney	237,570	237,570	190,008	47,562
Assessor	248,090	256,000	255,018	982
Motor Vehicles	60,648	63,000	62,390	610
Non-Departmental	805,572	805,572	795,986	9,586
Building and Grounds	268,192	272,000	271,630	370
Elections	105,528	113,000	112,084	916
Planning and Zoning	56,854	56,854	47,806	9,048
Total General Government	2,982,211	3,177,046	3,042,096	134,950

**KANE COUNTY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For The Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary</u>	<u>Final Budget</u>
			<u>Basis</u>	<u>Positive</u>
				<u>(Negative)</u>
Expenditures (Continued):				
Public Safety:				
Sheriff	722,905	822,905	814,903	8,002
Dispatch Services	268,613	268,613	209,720	58,893
Emergency Services	18,700	18,700	12,796	5,904
Fire Suppression	110,000	110,000	104,995	5,005
County Jail	356,994	372,000	371,328	672
Building Inspector	160,028	160,028	148,757	11,271
Total Public Safety	<u>1,637,240</u>	<u>1,752,246</u>	<u>1,662,499</u>	<u>89,747</u>
Health and Public Welfare:				
Health Services	45,887	45,887	45,886	1
Public Welfare	3,500	3,500	1,101	2,399
Total Health and Public Welfare	<u>49,387</u>	<u>49,387</u>	<u>46,987</u>	<u>2,400</u>
Highway and Public Improvements	<u>35,250</u>	<u>35,250</u>	<u>30,500</u>	<u>4,750</u>
Parks, Recreation and Public Property	<u>51,000</u>	<u>54,000</u>	<u>53,610</u>	<u>390</u>
Extension Office	<u>40,648</u>	<u>40,648</u>	<u>32,623</u>	<u>8,025</u>
Contributions	<u>35,000</u>	<u>35,000</u>	<u>26,287</u>	<u>8,713</u>
Transfers	<u>119,082</u>	<u>135,000</u>	<u>134,889</u>	<u>111</u>
Total Expenditures	<u>4,949,818</u>	<u>5,278,577</u>	<u>5,029,491</u>	<u>249,086</u>
Excess Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>(302,364)</u>	<u>(302,364)</u>
Fund Balance - Beginning			<u>1,122,519</u>	
Fund Balance - Ending			<u>820,155</u>	

**KANE COUNTY
BUDGETARY COMPARISON SCHEDULE
CLASS B ROAD**

For The Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary</u>	<u>Final Budget</u>
			<u>Basis</u>	<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Intergovernmental	1,089,190	1,089,190	988,902	(100,288)
Charges for Services	-	-	86,023	86,023
Miscellaneous	<u>783,627</u>	<u>783,627</u>	<u>106,300</u>	<u>(677,327)</u>
Total Revenues	<u>1,872,817</u>	<u>1,872,817</u>	<u>1,181,225</u>	<u>(691,592)</u>
Expenditures:				
County Roads	<u>1,872,817</u>	<u>1,872,817</u>	<u>1,533,257</u>	<u>339,560</u>
Total Expenditures	<u>1,872,817</u>	<u>1,872,817</u>	<u>1,533,257</u>	<u>339,560</u>
Excess Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	(352,032)	<u>(352,032)</u>
Fund Balance - Beginning			<u>2,225,730</u>	
Fund Balance - Ending			<u>1,873,698</u>	

**KANE COUNTY
BUDGETARY COMPARISON SCHEDULE
MUNICIPAL BUILDING AUTHORITY**

For The Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary</u>	<u>Final Budget</u>
			<u>Basis</u>	<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Miscellaneous	675,000	605,000	539	(604,461)
Transfers	-	-	30,000	30,000
Prior Years Surplus	<u>1,034,897</u>	<u>521,000</u>	-	<u>(521,000)</u>
Total Revenues	<u>1,709,897</u>	<u>1,126,000</u>	<u>30,539</u>	<u>(1,095,461)</u>
Expenditures:				
Miscellaneous	<u>1,709,897</u>	<u>1,126,000</u>	<u>1,125,458</u>	<u>542</u>
Total Expenditures	<u>1,709,897</u>	<u>1,126,000</u>	<u>1,125,458</u>	<u>542</u>
Excess Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>(1,094,919)</u>	<u>(1,094,919)</u>
Fund Balance - Beginning			<u>1,188,136</u>	
Fund Balance - Ending			<u>93,217</u>	

**KANE COUNTY
BUDGETARY COMPARISON SCHEDULE
HOSPITAL FUND**

For The Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary</u>	<u>Final Budget</u>
			<u>Basis</u>	<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Tax Proceeds	1,113,505	900,000	1,293,888	393,888
Intergovernmental	134,000	134,000	141,887	7,887
Other	-	82,834	13,410	(69,424)
Use of Surplus	-	132,166	-	(132,166)
Total Revenues	<u>1,247,505</u>	<u>1,249,000</u>	<u>1,449,185</u>	<u>200,185</u>
Expenditures:				
Hospital Operations	760,505	762,000	760,505	1,495
Bond Principal Payments	422,078	422,078	422,078	-
Bond Interest Payments	49,922	49,922	49,174	748
Transfer to Other Funds	15,000	15,000	-	15,000
Total Expenditures	<u>1,247,505</u>	<u>1,249,000</u>	<u>1,231,757</u>	<u>17,243</u>
Excess Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>217,428</u>	<u>217,428</u>
Fund Balance - Beginning			<u>132,166</u>	
Fund Balance - Ending			<u>349,594</u>	

**COMBINING FINANCIAL
STATEMENTS AND SCHEDULES**

(This page contains no information and
is used to assist in formatting for easier reading)

KANE COUNTY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS

For The Year Ended December 31, 2006

	Balance December 31, 2005	Additions	Deletions	Balance December 31, 2006
PROPERTY TAX FUND				
ASSETS				
Cash	397,014	9,808,905	9,770,858	435,061
Taxes Receivable	81,213	64,859	81,213	64,859
TOTAL ASSETS	<u>478,227</u>	<u>9,873,764</u>	<u>9,852,071</u>	<u>499,920</u>
LIABILITIES				
Due to Taxing Units	476,903	9,645,921	9,624,546	498,278
Collections Payable	1,324	146,718	146,400	1,642
TOTAL LIABILITIES	<u>478,227</u>	<u>9,792,639</u>	<u>9,770,946</u>	<u>499,920</u>
CLERK'S TRUST FUND				
ASSETS				
Cash	126,704	792,518	792,691	126,531
LIABILITIES				
Collections Payable	126,704	792,518	792,691	126,531
TOTALS - ALL AGENCY FUNDS				
ASSETS				
Cash	523,718	10,601,423	10,563,549	561,592
Taxes Receivable	81,213	64,859	81,213	64,859
TOTAL ASSETS	<u>604,931</u>	<u>10,666,282</u>	<u>10,644,762</u>	<u>626,451</u>
LIABILITIES				
Due to Taxing Units	476,903	9,645,921	9,624,546	498,278
Collections Payable	128,028	939,236	939,091	128,173
TOTAL LIABILITIES	<u>604,931</u>	<u>10,585,157</u>	<u>10,563,637</u>	<u>626,451</u>

**KANE COUNTY
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE AND DEBT SERVICE FUNDS**

For The Year Ended December 31, 2006

SPECIAL REVENUE

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

E-911 Fund:

This fund is used to account for monies collected on telephone bills for providing 911 emergency services in the County.

County Fair:

This fund is used to account for monies collected and expended for the County Fair.

Council on Aging:

This fund is used to account for monies collected and expended on activities for the senior citizens.

Municipal Building Authority - Restaurant Tax:

This fund is used to construct public facilities in the County and to pay the indebtedness related to the cost of those facilities. This fund collects restaurant tax monies to make the debt service payments.

Victims Advocate Fund:

This fund receives monies to be used to help victims of crimes within the County.

Grants and Reimbursements Fund:

This fund accounts for special grants and reimbursements received by the County.

Transient Room Tax Fund:

This fund is used to account for room taxes collected within the County to fund promotion of Kane County.

Cedar Mountain Special Service District Payroll Funds:

These funds are used to collect monies from the Special Service Districts for providing payroll services for the Districts.

**KANE COUNTY
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE AND DEBT SERVICE FUNDS**

For The Year Ended December 31, 2006

AERO Division Fund:

This fund is used to maintain and operate the County airplane.

Narcotics Task Force Fund:

This fund is used to account for the activities of the narcotics task force in the County. These funds are restricted for providing law enforcement activities regarding illegal drug use in the County.

Assessing and Collecting Fund:

This fund accounts for property tax revenues and expenditures related to assessing and collecting taxes. Expenditures are allocated based on estimated time and materials expended for assessing and collecting.

DEBT SERVICE FUNDS

Debt Service Funds are used to service debt of governmental fund type activities.

Arena Revenue Bond Fund:

This fund services debt related to the construction of the County rodeo arena facilities.

**KANE COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

December 31, 2006

	<u>Enhanced 911</u>	<u>County Fair</u>	<u>Council On Aging</u>	<u>MBA 1% Restaurant Tax</u>	<u>Victims Advocate</u>
ASSETS					
Cash	88,598	5,032	59,469	121,580	29,857
Due from Other Gov't Units	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u><u>88,598</u></u>	<u><u>5,032</u></u>	<u><u>59,469</u></u>	<u><u>121,580</u></u>	<u><u>29,857</u></u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	452	-	19,598	111	-
Accrued Liabilities	<u>-</u>	<u>-</u>	<u>101</u>	<u>-</u>	<u>68</u>
Total Liabilities	<u><u>452</u></u>	<u><u>-</u></u>	<u><u>19,699</u></u>	<u><u>111</u></u>	<u><u>68</u></u>
Fund Balances:					
Unreserved, Reported in:					
Special Revenue Funds	<u>88,146</u>	<u>5,032</u>	<u>39,770</u>	<u>121,469</u>	<u>29,789</u>
Total Fund Balances	<u><u>88,146</u></u>	<u><u>5,032</u></u>	<u><u>39,770</u></u>	<u><u>121,469</u></u>	<u><u>29,789</u></u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>88,598</u></u>	<u><u>5,032</u></u>	<u><u>59,469</u></u>	<u><u>121,580</u></u>	<u><u>29,857</u></u>

<u>Grants and Reimburs.</u>	<u>Transient Room Tax</u>	<u>Cedar Mountain FPD Payroll</u>	<u>AERO Division</u>	<u>Strike Force</u>	<u>Assessing and Collecting</u>	<u>Arena Bond Vermillion Cliffs SID</u>	<u>Nonmajor Gov't Funds</u>
19,161	121,140	(64,005)	170,798	25,316	2,671	(128,391)	451,226
<u>102,285</u>	<u>-</u>	<u>64,353</u>	<u>-</u>	<u>1,676</u>	<u>-</u>	<u>128,391</u>	<u>296,705</u>
<u>121,446</u>	<u>121,140</u>	<u>348</u>	<u>170,798</u>	<u>26,992</u>	<u>2,671</u>	<u>-</u>	<u>747,931</u>
-	2,990	-	-	457	-	-	23,608
<u>-</u>	<u>553</u>	<u>348</u>	<u>-</u>	<u>(56)</u>	<u>2,671</u>	<u>-</u>	<u>3,685</u>
<u>-</u>	<u>3,543</u>	<u>348</u>	<u>-</u>	<u>401</u>	<u>2,671</u>	<u>-</u>	<u>27,293</u>
<u>121,446</u>	<u>117,597</u>	<u>-</u>	<u>140,798</u>	<u>26,591</u>	<u>-</u>	<u>-</u>	<u>690,638</u>
<u>121,446</u>	<u>117,597</u>	<u>-</u>	<u>140,798</u>	<u>26,591</u>	<u>-</u>	<u>-</u>	<u>690,638</u>
<u>121,446</u>	<u>121,140</u>	<u>348</u>	<u>140,798</u>	<u>26,992</u>	<u>2,671</u>	<u>-</u>	<u>717,931</u>

KANE COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended December 31, 2006

	<u>Enhanced 911</u>	<u>County Fair</u>	<u>Council On Aging</u>	<u>MBA 1% Restaurant Tax</u>	<u>Victims Advocate</u>
Revenues:					
1% Restaurant Tax	-	-	-	100,465	-
Transient Room Tax	-	-	-	-	-
Intergovernmental Revenue	57,988	-	149,508	-	14,674
Interest	3,767	-	1,489	4,768	-
Miscellaneous	-	335	25,146	86,430	4,360
Total Revenues	<u>61,755</u>	<u>335</u>	<u>176,143</u>	<u>191,663</u>	<u>19,034</u>
Expenditures:					
Current:					
General Government	-	-	-	-	-
Public Safety	37,729	-	-	-	1,819
Public Health	-	-	200,201	-	-
Parks and Recreation	-	10,522	-	-	-
County Promotion	-	-	-	121,368	-
Total Expenditures	<u>37,729</u>	<u>10,522</u>	<u>200,201</u>	<u>121,368</u>	<u>1,819</u>
Excess of Revenues Over (Under) Expenditures	<u>24,026</u>	<u>(10,187)</u>	<u>(24,058)</u>	<u>70,295</u>	<u>17,215</u>
Other Financing Sources (Uses):					
Loan Proceeds	-	-	-	-	-
Transfer In (Out)	-	12,050	41,259	(30,000)	-
Total Other Financing	<u>-</u>	<u>12,050</u>	<u>41,259</u>	<u>(30,000)</u>	<u>-</u>
Net Change in Fund Balance	24,026	1,863	17,201	40,295	17,215
Fund Balances - Beginning	<u>64,120</u>	<u>3,169</u>	<u>22,569</u>	<u>81,174</u>	<u>12,574</u>
Fund Balances - Ending	<u>88,146</u>	<u>5,032</u>	<u>39,770</u>	<u>121,469</u>	<u>29,789</u>

<u>Grants and Reimburs.</u>	<u>Transient Room Tax</u>	<u>Cedar Mountain FPD Payroll</u>	<u>AERO Division</u>	<u>Strike Force</u>	<u>Assessing and Collecting</u>	<u>Arena Bond Vermillion Cliffs SID</u>	<u>Nonmajor Gov't Funds</u>
-	-	-	-	-	-	-	100,465
-	371,903	-	-	-	-	-	371,903
230,537	-	-	-	-	-	-	452,707
-	2,062	-	-	974	-	-	13,060
-	63,547	129,253	-	17,712	-	-	326,783
<u>230,537</u>	<u>437,512</u>	<u>129,253</u>	<u>-</u>	<u>18,686</u>	<u>-</u>	<u>-</u>	<u>1,264,918</u>
498,119	-	129,253	5,030	-	10,806	128,391	771,599
-	-	-	-	31,235	-	-	70,783
-	-	-	-	-	-	-	200,201
-	-	-	-	-	-	3,666	14,188
-	387,653	-	-	-	-	-	509,021
<u>498,119</u>	<u>387,653</u>	<u>129,253</u>	<u>5,030</u>	<u>31,235</u>	<u>10,806</u>	<u>132,057</u>	<u>1,565,792</u>
<u>(267,582)</u>	<u>49,859</u>	<u>-</u>	<u>(5,030)</u>	<u>(12,549)</u>	<u>(10,806)</u>	<u>(132,057)</u>	<u>(300,874)</u>
389,028	-	-	-	-	-	128,391	517,419
-	-	-	6,000	-	10,806	-	40,115
<u>389,028</u>	<u>-</u>	<u>-</u>	<u>6,000</u>	<u>-</u>	<u>10,806</u>	<u>128,391</u>	<u>557,534</u>
121,446	49,859	-	970	(12,549)	-	(3,666)	256,660
-	67,738	-	139,828	39,140	-	3,666	433,978
<u>121,446</u>	<u>117,597</u>	<u>-</u>	<u>140,798</u>	<u>26,591</u>	<u>-</u>	<u>-</u>	<u>690,638</u>

**KANE COUNTY
TREASURER'S TAX COLLECTION TRUST FUND
BALANCE SHEET**

December 31, 2006

Assets:

Cash In Checking	435,061
Taxes Receivable	<u>64,859</u>
Total Assets	<u><u>499,920</u></u>

Liabilities:

Refunds Payable	1,642
Due to Taxing Units	<u>498,278</u>
Total Liabilities	<u><u>499,920</u></u>

**KANE COUNTY
COUNTY TREASURER
CURRENT YEAR TAXABLE VALUES**

December 31, 2006

TAXING UNITS	Real Property Values	Centrally Assessed Values	Total Real and Centrally Assessed Values	Total Real and Centrally Assessed Tax Rates	Taxes Charged	Personal Property Values	Personal Property Tax Rates	Personal Property Taxes Charged	Total Taxes Charged
County Funds:									
General	1,044,345,854	24,060,852	1,068,406,706	.001218	1,301,319	17,770,430	.001703	30,263	1,331,582
State Assessing/Collecting	1,044,345,854	24,060,852	1,068,406,706	.000139	148,509	17,770,430	.000173	3,074	151,583
Local Assessing/Collecting	1,044,345,854	24,060,852	1,068,406,706	.000300	320,522	17,770,430	.000300	5,331	325,853
Health	1,044,345,854	24,060,852	1,068,406,706	.000052	55,557	17,770,430	.000072	1,279	56,837
Library	1,044,345,854	24,060,852	1,068,406,706	.000057	60,899	17,770,430	.000079	1,404	62,303
Total County Funds					<u>1,886,806</u>			<u>41,352</u>	<u>1,928,158</u>
Kane County School District	1,044,345,854	24,060,852	1,068,406,706	.003869	4,133,666	17,770,430	.004618	82,064	4,215,729
Cities and Towns:									
Alton	5,614,639	63,101	5,677,740	.002568	14,580	137,662	.003623	499	15,079
Glendale	14,663,347	389,976	15,053,323	.002011	30,272	139,707	.002459	344	30,616
Kanab	247,537,316	5,272,984	252,810,300	.001207	305,142	5,652,401	.001789	10,112	315,254
Orderville	25,824,285	864,276	26,688,561	.001840	49,107	641,172	.002170	1,391	50,498
Big Water	25,546,860	1,261,326	26,808,186	.003470	93,024	258,924	.001617	419	93,443
Total Towns					<u>492,126</u>			<u>12,764</u>	<u>504,891</u>
Cedar Mountain Fire District	-	-	-	-	442,440	-	-	-	442,440
Cedar Mountain Snow	-	-	-	-	205,870	-	-	-	205,870
West Kane County SSD	-	-	-	-	331,500	-	-	-	331,500
Glen Canyon SSD	-	-	-	-	61,056	-	-	-	61,056
East Zions SSD - Fire	-	-	-	-	54,997	-	-	-	54,997
East Zions SSD - Water	-	-	-	-	73,003	-	-	-	73,003
Church Wells SSD	3,424,736	56,971	3,481,707	.000400	1,393	42,963	.000472	20	1,413
Kane County Water Conservancy District	1,044,345,854	24,060,852	1,068,406,706	.000555	592,966	17,770,430	.000775	13,772	606,738
GRAND TOTALS					<u>8,275,822</u>			<u>149,972</u>	<u>8,425,795</u>

**KANE COUNTY
COUNTY TREASURER
STATEMENT OF TAXES CHARGED, COLLECTED AND DISBURSED
CURRENT AND PRIOR YEARS**

December 31, 2006

Current Years Taxes					
TAXING UNITS	Taxes Charged	Treasurer's Relief			Total Treasurer's Relief
		Unpaid Taxes	Abatements	Adjustments	
County Funds:					
General	1,331,582	122,707	5,198	3,149	131,054
Debt Service	-	-	-	-	-
State Assessing/Collecting	151,583	14,003	593	12	14,608
Local Assessing/Collecting	325,853	30,223	1,280	(1,280)	30,223
Health	56,837	5,239	222	133	5,594
Library	62,303	5,742	243	148	6,133
Total County Funds	1,928,158	177,914	7,536	2,162	187,612
Kane County School District	4,215,729	389,778	16,511	(3,196)	403,093
Cities and Towns:					
Alton	15,079	614	-	79	693
Glendale	30,616	1,426	266	(4)	1,688
Kanab	315,254	23,333	3,543	1,690	28,566
Orderville	50,498	2,637	311	(271)	2,677
Big Water	93,443	20,406	172	(442)	20,136
Total Towns	504,890	48,416	4,292	1,052	53,760
Cedar Mountain Fire District	442,440	-	-	-	-
Cedar Mountain Snow Removal	205,870	-	-	-	-
West Kane County SSD #1	331,500	-	-	-	-
Glen Canyon SSD	61,056	-	-	-	-
East Zions SSD - Fire	54,997	-	-	-	-
East Zions SSD - Water	73,003	-	-	-	-
Church Wells SSD	1,413	116	18	(1)	133
Kane County Water Conservancy District	606,738	55,913	2,368	1,542	59,823
GRAND TOTALS	8,425,794	672,137	30,725	1,559	704,421

Current Years Taxes				Other Collections		
Taxes Collected	Percent	Penalties and Interest	Fee In Lieu	Motor Vehicle and Interest Collections	Delinquencies	
					Tax	Interest and Penalty
1,200,528	90.16%	6,316	229,537	16,213	109,333	35,828
-	-	-	-	-	33	5
136,975	90.36%	80	26,195	1,460	10,908	432
295,630	90.72%	173	56,536	3,152	16,358	535
51,243	90.16%	30	9,800	546	3,486	91
56,170	90.16%	33	10,742	599	3,825	100
1,740,546	90.27%	6,632	332,810	21,970	143,943	36,991
3,812,636	90.44%	2,227	729,126	48,110	291,290	11,566
14,386	95.40%	2	3,684	179	1,131	58
28,928	94.49%	17	7,465	300	1,886	86
286,688	90.94%	83	55,381	2,328	23,255	1,136
47,821	94.70%	10	11,005	476	5,394	88
73,307	78.45%	59	14,397	596	5,964	330
451,130	89.35%	171	91,932	3,879	37,630	1,698
442,440	100.00%	-	-	856	-	-
205,870	100.00%	-	-	398	-	-
331,500	100.00%	-	-	641	-	-
61,056	100.00%	-	-	118	-	-
54,997	100.00%	-	-	106	-	-
73,003	100.00%	-	-	141	-	-
1,280	90.59%	9	512	6	211	37
546,915	90.14%	319	104,592	6,901	49,764	2,020
7,721,373	91.64%	9,358	1,258,972	83,126	522,838	52,312

**KANE COUNTY
TAX COLLECTION TRUST FUND
CASH RECEIPTS AND DISBURSEMENTS**

For The Year Ended December 31, 2006

	Treasurer's Balance December 31, 2005	Tax Collection Receipts	Current Taxes Apportioned	Fee-In-Lieu Apportioned
Tax Collection Accounts:				
Current Years Taxes	-	7,721,373	(7,721,373)	-
Penalty and Interest	-	9,358	-	-
Motor Carrier	-	83,126	-	-
Redemption of Prior Years Taxes	-	575,238	-	-
Fee-In-Lieu	-	1,258,972	-	(1,258,972)
Tax Sale	-	2,400	-	-
Refunds	-	145,642	-	-
	<u>-</u>	<u>9,796,109</u>	<u>(7,721,373)</u>	<u>(1,258,972)</u>
Total Collections	<u>-</u>	<u>9,796,109</u>	<u>(7,721,373)</u>	<u>(1,258,972)</u>
Taxing Units:				
County General Fund	-	-	1,200,528	229,537
Debt Service	-	-	-	-
State Assessing and Collecting	-	-	136,975	26,195
Local Assessing and Collecting	-	-	295,630	56,536
Health	-	-	51,243	9,800
Library	-	-	56,170	10,742
Kane County School District	361,679	-	3,812,636	729,126
Cities and Towns:				
Alton	2,223	-	14,386	3,684
Glendale	3,006	-	28,928	7,465
Kanab	34,032	-	286,688	55,381
Orderville	6,502	-	47,821	11,005
Big Water	4,372	-	73,307	14,397
Special Service Districts:				
Cedar Mountain Fire District	830	-	442,440	-
Cedar Mountain Snow Removal	-	-	205,870	-
West Kane County SSD#1	239	-	331,500	-
Glen Canyon SSD	88	-	61,056	-
East Zions SSD - Fire	15	-	54,997	-
East Zions SSD - Water	117	-	73,003	-
Church Wells SSD	224	-	1,280	512
Kane Co. Water Conservancy Dist.	61,430	-	546,915	104,592
	<u>474,757</u>	<u>-</u>	<u>7,721,373</u>	<u>1,258,972</u>
Total Due Taxing Units	<u>474,757</u>	<u>-</u>	<u>7,721,373</u>	<u>1,258,972</u>
Grand Totals	<u>474,757</u>	<u>9,796,109</u>	<u>-</u>	<u>-</u>

<u>Motor Carrier and Interest Apportioned</u>	<u>Current Interest Apportioned</u>	<u>Delinquent Taxes Apportioned</u>	<u>Total</u>	<u>Disbursements</u>	<u>Treasurer's Balance December 31, 2006</u>
-	-	-	-	-	-
-	(9,358)	-	-	-	-
(83,126)	-	-	-	-	-
-	-	(575,238)	-	-	-
-	-	-	-	-	-
-	-	-	2,400	2,400	-
-	-	-	145,642	144,000	1,642
<u>(83,126)</u>	<u>(9,358)</u>	<u>(575,238)</u>	<u>148,042</u>	<u>146,400</u>	<u>1,642</u>
16,213	6,316	145,161	1,597,755	1,594,337	3,418
-	-	38	38	38	-
1,460	80	11,340	176,050	176,050	-
3,152	173	16,893	372,384	372,384	-
546	30	3,577	65,196	65,196	-
599	33	3,925	71,469	71,469	-
48,110	2,227	302,856	5,256,634	4,866,774	389,860
179	2	1,189	21,663	19,683	1,980
300	17	1,972	41,688	37,369	4,319
2,328	83	24,391	402,903	376,625	26,278
476	10	5,482	71,296	67,435	3,861
596	59	6,382	99,113	90,270	8,843
856	-	-	444,126	443,079	1,047
398	-	-	206,268	206,061	207
641	-	-	332,380	331,739	641
118	-	-	61,262	61,144	118
106	-	-	55,118	55,012	106
141	-	-	73,261	73,120	141
6	9	248	2,279	2,129	150
<u>6,901</u>	<u>319</u>	<u>51,784</u>	<u>771,941</u>	<u>714,632</u>	<u>57,309</u>
<u>83,126</u>	<u>9,358</u>	<u>575,238</u>	<u>10,122,824</u>	<u>9,624,546</u>	<u>498,278</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>10,270,866</u>	<u>9,770,946</u>	<u>499,920</u>

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is used to assist in formatting for easier reading)

COMPLIANCE SECTION

Kimball & Roberts

Certified Public Accountants

A Professional Corporation

Box 663

Richfield, Utah 84701

Phone 896-6488

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Board of County Commissioners
Kane County
Kanab, Utah 84741

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Kane County as and for the year ended December 31, 2006, which collectively comprise Kane County's basic financial statements and have issued our report thereon dated March 1, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Kane County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Kane County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Kane County's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency or combination of control deficiencies, that adversely affects Kane County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Kane County's financial statements that is more than inconsequential will not be prevented or detected by Kane County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Kane County's internal control.

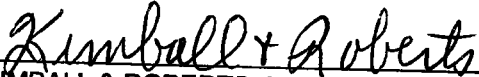
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Kane County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters that we reported to the management of Kane County in a separate letter dated March 1, 2007.

This report is intended solely for the information and use of management and County Commission and is not intended to be and should not be used by anyone other than these specified parties.


KIMBALL & ROBERTS, P. C.
Certified Public Accountants

March 1, 2007
Richfield, Utah

Kimball & Roberts

Certified Public Accountants

A Professional Corporation

Box 663

Richfield, Utah 84701

Phone 896-6488

AUDITOR'S REPORT ON STATE LEGAL COMPLIANCE

The Honorable Board of County Commissioners
Kane County
Kanab, Utah 84741

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Kane County, for the year ended December 31, 2006, and have issued our report thereon dated March 1, 2007. As part of our audit, we have audited Kane County's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah Legal Compliance Audit Guide for the year ended December 31, 2006. The County received the following major State assistance programs from the State of Utah:

B Road Funds (Department of Transportation)
Liquor Law Enforcement (State Tax Commission)
Sewer and Restrooms (Department of Community and Economic Development)

The County also received the following nonmajor grants, which are not required to be audited for specific compliance requirements: (However, these programs were subject to testwork as part of the audit of Kane County's financial statements.)

Bookmobile Grant (Department of Community and Economic Development)
Fair Grounds (Department of Community and Economic Development)
Senior Nutrition (Department of Human Services)
Senior Care and Share (Department of Human Services)
Senior Transportation (Department of Human Services)
Victims Advocate (Department of Justice)
Predator Control (Department of Agriculture)

Our audit also included testwork on the County's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide, including:

Public Debt
Cash Management
Purchasing Requirements
Budgetary Compliance
Truth in Taxation & Property Tax Limitations
Liquor Law Enforcement
Justice Court
B & C Road Funds

Other General Issues
Uniform Building Code Standards
Statement of Taxes Charged
Collected & Disbursed
Assessing and Collecting of
Property Taxes
Transient Room Tax

The Honorable Board of County Commissioners
Kane County
Page -2-

The management of Kane County is responsible for the County's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The schedule of transient room, tourism, recreation, culture and convention facilities tax expenditures on page 74 is not a required part of the basic financial statements but is information required by the State of Utah. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required information and test of expenditures. However, we did not audit the information and express no opinion on it.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in a separate management letter. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, Kane County, complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to its major State assistance programs for the year ended December 31, 2006.


KIMBALL & ROBERTS, P. C.
Certified Public Accountants

March 1, 2007
Richfield, Utah

KANE COUNTY
SCHEDULE OF TRANSIENT ROOM, TOURISM, RECREATION, CULTURE AND
CONVENTION FACILITIES TAX EXPENDITURES

For The Year Ended December 31, 2006

Transient Room Tax:

Establish and Promoting:	
Recreation	360,294
Tourism	4,788
Film Production	-
Conventions	-
Acquiring, Leasing, Construction, Furnishing or Operating:	
Convention Meeting Rooms	-
Exhibit Halls	-
Visitor Information Centers	6,821
Museums	-
Related Facilities	-
Acquiring or Leasing Land Required For or Related To:	
Convention Meeting Rooms	-
Exhibit Halls	-
Visitor Information Centers	-
Museums	-
Related Facilities	-
Mitigation Costs:	
Payment of Principal, Interest, Premiums and Reserves on Bonds	-
Total Expenditures	<u>371,903</u>

Tourism, Recreation, Culture and Convention Facilities Taxes:

Financing Tourism Promotion	-
Development, Operation and Maintenance of:	
Tourist Facilities	-
Recreation Facilities	-
Culture Facilities	-
Pledges as Security for Evidence of Indebtedness	100,465
Reserves and Pledges:	
Reserves on Bonds Related to TRT Funds	-
Pledges as Security for Evidences of Indebtedness Related to TRCC	-
Total Expenditures	<u>100,465</u>

**KANE COUNTY
MANAGEMENT LETTER
DECEMBER 31, 2006**

Kimball & Roberts

Certified Public Accountants

A Professional Corporation

Box 663

Richfield, Utah 84701

Phone 896-6488

March 1, 2007

The Honorable Board of County Commissioners
Kane County
Kanab, Utah 84741

During our audit of the funds of Kane County for the year ended December 31, 2006, we noted areas needing corrective action in order for the County to be in compliance with state laws and regulations. These items are discussed below for your consideration.

COMPLIANCE:

Cash Management

Utah Code 51-4-2(2) requires that all public funds be deposited daily, whenever practicable, but not later than three business days after receipt.

Finding:

During our tests of cash receipts we noted that some receipts from the Justice Court's office and the Clerk's office are not being deposited within three days of receipt.

Recommendation:

We recommend that all public funds be deposited within three days of receipt.

Response:

The finding above was discussed with Kane County Officials and they concur with the recommendation.

Budget

Utah Code 17-36 states, "Officers and employees of the County shall not incur expenditures or encumbrances in excess of the total appropriation for any department or fund. For counties State Law requires budget integrity at the following levels:

General Fund - Each department.

Special Revenue Fund - Each separate activity in total.

Capital Project Fund - Fund in total.

Debt Service Fund - Fund in total.

Finding:

We noted during the audit that the County obtained an equipment lease through Zions Bank to finance the new accounting and budgeting software and licensing but did not budget for the other financing sources or uses.

Recommendation:

We recommend that the County advertise a budget hearing and open the budget for increased expenditures and revenues when it is anticipated that the budget will be exceeded.

Response:

The finding above was discussed with Kane County Officials and they concur with the recommendation.

We would like to take this opportunity to thank Kane County's personnel for the cooperation and assistance given to us during the course of our examination.

Respectfully submitted,


KIMBALL & ROBERTS
Certified Public Accountants

DKK/vl